Labour Market Notes

Modest employment gain in August

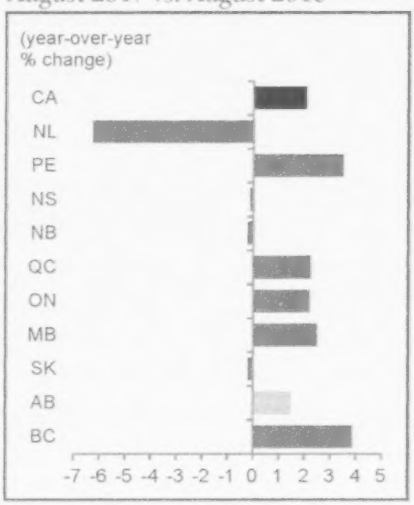
Alberta

- Employment advances in August. After a setback in July, employment in Alberta increased by 2,300 in August.
- Gains in the goods sector. The monthly employment gains were led by the goods-producing sector, which added 5,500 jobs to reach the highest level since April 2016. Employment in the service sector fell (-3,300) for the second month in a row after hitting a high in June.
- Private sector rebounds. After two monthly declines, the private sector employment rebounded, adding 9,100 in August. Self-employment (+2,900) also expanded while public sector employment declined (-9,700).
- Balanced recovery continues. With the monthly gain in employment, Alberta has added 33,500 jobs over the last 12 months with both the goods sector (14,400) and service sector (19,000) expanding.
- Full-time positions continue to lead the recovery. All of the monthly job gains were in full-time position (+7,600) while part-time position declined (-5,400). Over the last year, the employment gains have been concentrated in full-time jobs (+31,600) with part-time employment only experiencing a small increase (+1,800).
- Growth in the labour force lifts the unemployment rate. Despite the employment gain, the unemployment rate increased by 0.3 percentage points to 8.1% in August as the labour force expanded for the first time in four months. Even with the increase, the unemployment rate is 0.9 percentage points lower than the November 2016 peak.
- Participation rate reverse course. After falling for four months to a thirteen month low, the participation rate jumped 0.3 percentage points to 72.5%.
- Earnings improve in June. Average Weekly Earnings (AWE) rose 1.8% in June to $1,132. Compared to a year ago, earnings grew for the third consecutive month, up 1.3% year-over-year after almost two years of declines.

Canada

- Employment gains continue. Canadian employment increased by 22,200 in August, the ninth consecutive monthly increase. The increase was primarily due to gains in Ontario (+31,100) which were partly offset by losses in Quebec (-6,000) and Nova Scotia (-5,600).
- Unemployment rate ticks down. With the employment gains, the Canadian unemployment rate fell by 0.1 percentage point to 6.2% in August, the lowest level since September 2008.
- Canadian earnings improve. Canadian average weekly earnings (AWE) gained 0.3% month-over-month in June to reach $974, 1.8% higher than a year ago.

Employment Growth by Province, August 2017 vs. August 2016



Source: Statistics Canada

Alberta Labour Market Indicators

Indicator	Latest*
Employment	2,286,500
month-over-month change	2,300
year-over-year % change	1.5%
Alberta Unemployment Rate (UR)	8.1%
Edmonton UR**	8.7%
Calgary UR**	8.5%
Participation Rate	72.5%
Average Weekly Earnings (AWE)	$1,131.87
year-over-year % change	1.3%
Average Hourly Wage	$30.12
year-over-year % change	3.1%
Job Vacancy Rate***	1.5%

Source: Statistics Canada

* All data is from the August 2017 Labour Force Survey, except AWE which is the June 2017 Survey of Employment, Payrolls and Hours, and the Job Vacancy Rate is for May 2017.

** This indicator is calculated as a three-month moving average and is seasonally adjusted.

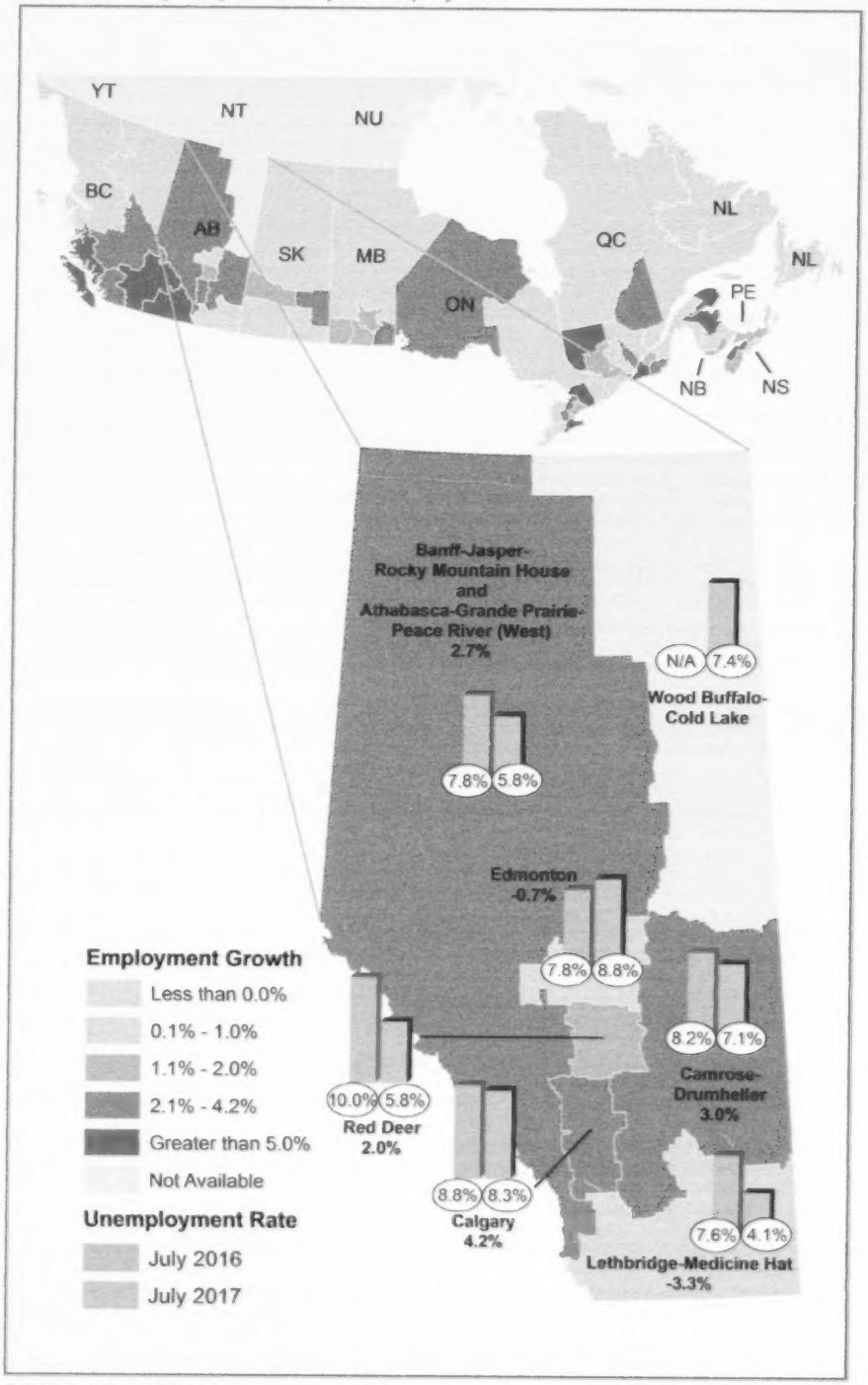
*** This indicator is calculated as a three-month moving average and is not seasonally adjusted.

Regional labour market indicators

	2015	2016	2017 YTD
Alberta			
Population	2.2	1.3	0.9
Labour Force	2.6	0.6	1.0
Employment	1.2	1.6	0.6
Unemployment Rate	6.0	8.1	8.4
Calgary			
Population	2.9	1.9	1.3
Labour Force	3.7	1.3	3.6
Employment	2.2	1.7	3.2
Unemployment Rate	6.3	9.2	8.9
Edmonton			
Population	2.3	1.7	1.3
Labour Force	2.9	1.3	0.6
Employment	1.9	-0.2	-1.9
Unemployment Rate	5.9	7.4	8.5
West			
Population	0.8	0.0	-0.5
Labour Force	-1.0	-4.2	0.1
Employment	1.0	-5.3	0.9
Unemployment Rate	5.9	6.9	6.9
Lethbridge - Medicine Hat			
Population	0.8	0.0	-0.3
Labour Force	-5.5	3.4	-4.0
Employment	-4.4	1.2	-2.7
Unemployment Rate	5.0	6.9	5.8
Red Deer			
Population	2.2	1.2	0.6
Labour Force	-0.3	-1.8	0.5
Employment	-2.7	-4.3	1.2
Unemployment Rate	6.2	8.6	8.1
Camrose - Drumheller			
Population	0.4	-0.3	-0.5
Labour Force	2.3	0.1	2.7
Employment	3.5	-3.4	1.5
Unemployment Rate	4.5	7.8	6.7
Wood Buffalo - Cold Lake			
Population	2.7	0.9	#N/A
Labour Force	3.2	2.6	#N/A
Employment	0.4	-4.0	#N/A
Unemployment Rate	7.9	9.3	9.4

* Year-to-date (YTD) is the change in the average based on 3 month moving averages

Employment growth by economic region
Percent change in year-over-year employment



Source: Statistics Canada

Slow recovery in average weekly earnings

Alberta's improving labour market has yet to translate into higher earnings. Average weekly earnings (AWE) in the first half of 2017 remained unchanged from 2016 and as of June, were 3.6% lower than the peak in early 2015. This month's Labour InSight explores some of the factors that have been weighing on earnings.

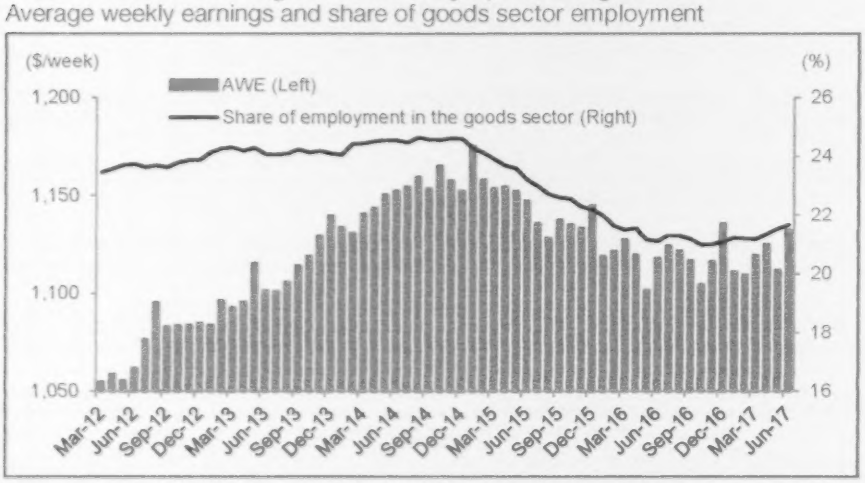
People working fewer hours

One of the reasons why AWE continues to lag is that people are working fewer hours. After hitting a peak of 32.6 hours per week in 2014, the number of average hours worked declined steadily (Chart 1) to a 7-year low in early 2017. In June, Albertans worked an average of 31.5 hours per week, down 4.0% from 2014. The fall in average weekly hours has been most pronounced in the construction industry and in service industries associated with the oil and gas sector, like professional and scientific. Reductions in overtime have also pulled hours lower. The average hours of overtime per week have fallen from 1.9 in 2014 to 1.3 so far in 2017. However, average weekly hours were abnormally high leading up to the recession. With the declines over the last two and half years, hours worked have returned to historical levels.

Chart 1: Fewer hours and stagnant wages
Average weekly hours and hourly wage including overtime

Source: Statistics Canada, SEPH - Survey of Employment, Payroll and Hours

Chart 2: Lower share of goods sector employment drag on AWE
Average weekly earnings and share of goods sector employment



Source: Statistics Canada, SEPH - Survey of Employment, Payroll and Hours

Wages have been stagnant

AWE has also failed to improve because wages in Alberta have been stagnant for the last two years. The average hourly wage in Alberta has remained around $26.50 since mid-2016 and 3.8% lower than the December 2014 peak. Wages have been relatively flat in most industries, with only a few experiencing declines, such as the mining, oil, and gas sector. Fewer overtime hours, and their associated higher wage, are responsible for some of the weakness in average hourly wages.

Employment composition

Both average hourly wages and average weekly hours are higher in the goods sector. The large proportion of job losses in this sector during the recession accounts for some the decline in average weekly hours and the stagnant wages. As job losses grew in the higher earning industries in mid-2015 and early 2016, the decline in AWE accelerated (Chart 2). Although employment in the higher earning sectors has begun to improve, the share of employment in those sectors remains well below pre-recession levels. As a result, both average weekly hour and average hourly wages remain below their peak levels.

Have a question or idea for Labour InSight? Send us an *email*.

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